



Holland N. McTyeire, V
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VIA HAND DELIVERY

December 8, 2005

Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

DEC 08 2005

PUBLIC SERVICE
COMMISSION

Re: In the Matter of: Proposed Adjustment Of The Wholesale Water Service Rates
Of Hopkinsville Water Environment Authority, Case No. 2005-00174

Dear Ms. O'Donnell:

Enclosed herewith please find for filing with the Commission an original and ten (10) copies of the Motion Of Hopkinsville Water Environment Authority To Continue Hearing, Approve Settlement Agreement And Admit All Materials Filed By The Parties Into The Record Of This Proceeding in the above styled matter.

Please do not hesitate to contact the undersigned should you have any questions concerning this filing.

Sincerely,

Holland N. McTyeire, V

HNM/jh

Enclosures

cc: Gerald E. Wuetcher
Lennis F. Hale
Andrew C. Self
Carl W. Breeding

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COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

DEC 08 2005

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PROPOSED ADJUSTMENT OF THE WHOLESALE
WATER SERVICE RATES OF HOPKINSVILLE
WATER ENVIRONMENT AUTHORITY

} CASE NO. 2005-00174

**MOTION OF HOPKINSVILLE WATER ENVIRONMENT AUTHORITY
TO CONTINUE HEARING, APPROVE SETTLEMENT
AGREEMENT AND ADMIT ALL MATERIALS FILED BY
THE PARTIES INTO THE RECORD OF THIS PROCEEDING**

Hopkinsville Water Environment Authority (“HWEA”), through counsel, submits Settlement Agreement 1-2005 (the “Agreement”) to the Commission for its review and approval. The Agreement has been executed and approved by both HWEA and the Christian County Water District (“CCWD”). In addition, HWEA requests that the Hearing scheduled for December 13, 2005 be continued or canceled and that the materials presented in this proceeding be entered into the record to be considered by the Commission, as necessary, for the sole purpose of considering and approving the Settlement Agreement. The grounds in support of this Motion are set forth below.

1. As reflected in the Agreement, HWEA and the CCWD agree that the rates contained on Schedule 1 are fair, just and reasonable and closely approximate the cost to HWEA to provide service to the CCWD. The rates on Schedule 1 are fair and equitable rates reasonably related to the costs expended by HWEA to provide service to the CCWD as required by Kentucky law. *See* KRS 278.030 and OAG 78-656.

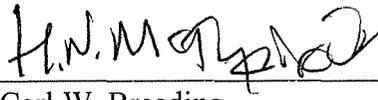
2. HWEA requests that the December 13, 2005 Hearing be canceled or continued until the Agreement can be approved by the Commission. HWEA will not implement or charge the CCWD any new rates until such rate has been approved by the Commission as provided in the Agreement. There is no need for a Hearing while the Commission considers the rates set forth in the Agreement.

3. In the unlikely event the Commission does not approve the Agreement, the parties can then reschedule a Hearing, if necessary, to consider the rates originally proposed by the HWEA which are higher than those in the Agreement.

4. HWEA requests that the Commission admit all materials submitted by the parties in this proceeding into the record so the Commission can rely upon these materials, as necessary, solely to consider and approve the Agreement and the rates contained therein. These materials demonstrate that the rates proposed by the parties are fair, just and reasonable and within the zone of reasonableness.

For the reasons set forth above, the Agreement should be approved, including the rates set forth therein, the December 13, 2005 Hearing canceled and the materials submitted by the parties in this proceeding entered into the record and relied upon by the Commission, as necessary, solely to consider and approve the Agreement and the rates contained therein.

Respectfully submitted,



Carl W. Breeding
Holland N. McTyeire, V

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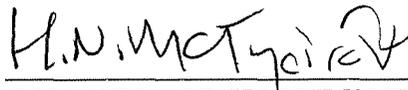
Andrew C. Self

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COUNSEL FOR HOPKINSVILLE WATER
ENVIRONMENT AUTHORITY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Motion Of Hopkinsville Water Environment Authority To Continue Hearing, Approve Settlement Agreement And Admit All Materials Filed By The Parties Into The Record Of This Proceeding was served by e-mail and/or United States mail, first class, postage prepaid, to John N. Hughes, 124 West Todd Street, Frankfort, Kentucky 40601, counsel for Christian County Water District, James Owen, General Manager, Christian County Water District, 1960 Dawson Springs Road, P.O. Box 7, Hopkinsville, Kentucky 42241-0007 and J. Michael Foster, Foster, Soyars & Associates, P.O. Box 24, 209 East 14th Street, Hopkinsville, Kentucky 42241 on this 8th day of December, 2005.



COUNSEL FOR HOPKINSVILLE WATER
ENVIRONMENT AUTHORITY

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

INVESTIGATION OF THE HOPKINSVILLE)	
WATER ENVIRONMENT AUTHORITY'S)	CASE NO.
WHOLESALE RATE TO CHRISTIAN COUNTY)	2005-00174
WATER DISTRICT)	

*** ** *** ** *** ** *** ** ***

SETTLEMENT AGREEMENT 1-2005

*** ** *** ** *** ** *** ** ***

THIS SETTLEMENT AGREEMENT ("Agreement") is made and entered into as of the 8th day of December, 2005, by and between the Hopkinsville Water Environment Authority ("HWEA") and the Christian County Water District ("CCWD"), both of whom are collectively referred as the "Parties",

WITNESSETH:

WHEREAS, on June 28, 1973, the City of Hopkinsville, acting by and through its duly authorized agency, the Hopkinsville Sewerage and Water Works Commission (now known as Hopkinsville Water Environment Authority or HWEA), entered into a Water Purchase Contract ("Contract") with the CCWD;

WHEREAS, there have been multiple amendments, extensions and addendums to the Contract during the past 30 years;

WHEREAS, HWEA has provided wholesale water service to the CCWD for the past 32 years pursuant to the terms of the Contract, as amended and extended;

WHEREAS, a dispute has arisen between the Parties concerning the wholesale rate to be charged to the CCWD;

WHEREAS, on June 15, 2005, the Public Service Commission ("Commission") established this proceeding to investigate the reasonableness of the new wholesale water rate proposed by HWEA to the CCWD; and

WHEREAS, the Parties have engaged in good faith settlement negotiations which have produced this Agreement;

NOW THEREFORE, HWEA and the CCWD agree as follows:

1. The wholesale water rates that HWEA shall charge the CCWD shall be in accordance with the current Hopkinsville Division water rates (City rates) approved by the Hopkinsville City Council. Based upon the current "City Rates," the wholesale rates that HWEA shall charge the CCWD are set forth in Schedule 1 which is attached hereto and incorporated herein by reference.

2. Based upon the available information, both HWEA and the CCWD believe that the rates set forth in Schedule 1 closely approximate HWEA's actual cost of producing and delivering water to the CCWD. Both Parties are satisfied that the proposed wholesale rates are fair, just and reasonable.

3. The Parties request the Commission to enter an Order finding that the rates set forth in Schedule 1 are fair, just and reasonable and approving the rates set forth in Schedule 1.

4. The Parties agree that this will be the method used to determine future wholesale water rates.

5. The Parties also agree that the new rate will not go into effect until 6 months after the Hopkinsville City Council has approved the new "City Rates."

6. HWEA will give formal written notice of a proposed water rate increase at least one week prior to first reading of the rate ordinance before the Hopkinsville City Council.

7. Each Party pledges to use its best efforts to help expedite the approval of the Agreement by the Commission.

8. It is understood by the Parties that this Agreement is subject to the acceptance of, and approval by, the Commission and is not binding upon the Commission.

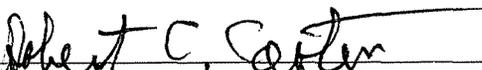
9. If the Commission adopts this Agreement in its entirety, each party agrees that it will not bring an action for review of the Commission's final order in this case in the Franklin Circuit Court.

10. If the Commission does not adopt this Agreement in its entirety, each Party reserves the right to withdraw from the Agreement, to request that Case 2005-00174 proceed as if no Agreement had been executed, and to request a formal hearing in this proceeding. In such

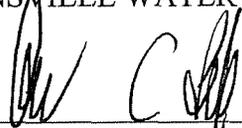
event, this Agreement shall not be binding upon any of the Parties and shall not be admitted into evidence or relied upon in any manner by either of the Parties, the Commission, or its Staff.

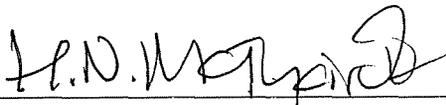
IN WITNESS WHEREOF, each of the Parties, by its duly authorized Chairman and attorney, has executed this Agreement as of the date first above written.

HOPKINSVILLE WATER ENVIRONMENT AUTHORITY

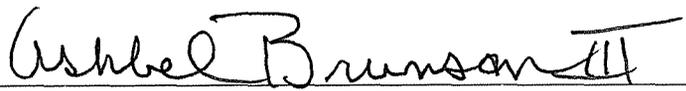
BY: 
ROBERT C. CARTER, CHAIRMAN

HOPKINSVILLE WATER ENVIRONMENT AUTHORITY

BY: 
ANDREW C. SELF, ATTORNEY

BY: 
HOLLAND McTYEIRE, III, ATTORNEY

CHRISTIAN COUNTY WATER DISTRICT

BY:  SH
ASHBEL BRUNSON, CHAIRMAN

CHRISTIAN COUNTY WATER DISTRICT
Have Seen and Approved as to Form and Legality

BY: 
J. MICHAEL FOSTER, CHRISTIAN CO. ATTORNEY

Wholesale Water Rate for Christian County Water District

December 5, 2005

	<u>Rate/100 CF</u>	<u>Equivalent Rate/1000 Gals</u>
First 3000 CF	\$2.16	\$2.89
Next 3,000 CF	\$1.89	\$2.53
All Over 6,000 CF	\$1.37	\$1.83